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Agenda item 133
Review of the efficiency of the administrative and financial functioning of the United Nations

Sixth progress report on the accountability system in the United Nations Secretariat

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the sixth progress report of the Secretary-General on the accountability system in the United Nations Secretariat (A/71/729), submitted pursuant to General Assembly resolution 70/255. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 16 February 2017.

II. Observations and recommendations

A. General comments

2. The subject of personal and institutional accountability has been considered by Member States since the fifty-eighth session of the General Assembly and the Assembly has adopted a number of resolutions, including its most recent resolution 70/255 on progress towards an accountability system in the United Nations Secretariat. In paragraph 23 of the resolution, the Assembly requested the Secretary-General to take a more strategic approach and concrete actions to implement the accountability framework and to include in the progress reports comprehensive and tangible assessments of actions, activities and progress made by the Secretariat. With regard to specific areas such as results-based management, enterprise risk

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management, programme evaluation and responsibilities of senior managers, the General Assembly requested the Secretary-General to develop a range of measures, plans and guidelines, emphasizing that they should be concrete, detailed and precise, and to report thereon in his progress report.

3. In his sixth progress report, the Secretary-General highlighted several critical components that had been strengthened or put into place during the past year, including the enterprise risk management framework, the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat and accountability in field missions. According to the Secretary-General, major transformational projects implemented in recent years, such as the International Public Sector Accounting Standards (IPSAS), Umoja, the global field support strategy, the mobility policy and the capital master plan, had also started to foster better management and stronger accountability.

4. The Advisory Committee has commented extensively on various technical aspects of the accountability framework in its previous reports on the subject, as well as in the context of a wide range of other subject-specific reports, in which it has addressed specific operational matters and initiatives that include an accountability dimension.[1] **As a general comment, the Committee recalls its view that progress has been made in establishing structures and systems which, if utilized in the manner intended, can provide management and the governing bodies, elements for a viable accountability framework. Nevertheless, the Committee stresses once again that additional practical measures should be introduced to ensure that the different elements lead to lasting progress in ensuring improved institutional and personal accountability (see A/70/770, para. 2).**

5. The present report is focused on the application of key aspects of the accountability framework under two main themes: (a) monitoring and oversight mechanisms; and (b) managing risk and performance. A proposed change to the reporting frequency of the periodic progress report on the accountability system in the Secretariat is set out in section III of the present report.

B. Monitoring and oversight mechanisms

6. The Advisory Committee notes that mechanisms for monitoring the activities of the Organization include the work of the internal and external oversight bodies and systems of internal control, including the Anti-Fraud and Anti-Corruption Framework, protection for whistle-blowers and efforts to ensure exemplary conduct and discipline. In addition, as requested by the General Assembly, the Secretary-General is now

[1] These include the Advisory Committee's previous reports on accountability (A/70/770; A/68/783; A/67/776; A/66/738; A/64/683; A/63/457 and A/60/418); activities of the Ethics Office (A/69/332; A/68/348; A/67/306); special measures for protection from sexual exploitation and sexual abuse (A/71/643; A/69/839; A/67/780 and A/66/718); the global field support strategy (A/69/874; A/68/782; A/67/780); the global service delivery model (A/71/666 and A/70/436); human resources management (A/71/557; A/70/765; A/70/718; A/69/572 and A/68/523); financial reports and audited financial statements and reports of the Board of Auditors (A/71/669; A/70/380; A/69/386 and A/68/381); the enterprise resource planning project (A/71/628; A/70/7/Add.19; A/69/418; A/68/7/Add.7 and A/67/565); and procurement activities (A/69/809; A/67/801 and A/64/501).

tracking and reporting on the status of implementation of the Assembly's decisions on administrative and budgetary matters. The Advisory Committee's comments and recommendations on each of those areas are set out below.

Internal and external oversight

7. **In the context of its consideration of the report of the Secretary-General, the Advisory Committee notes that the report does not include any reference to the findings and recommendations of the Board of Auditors on the status of implementation or efforts to ensure personal or institutional accountability for addressing the audit concerns**. In that regard, in its report on the United Nations for the year ended 31 December 2015 (A/71/5 (Vol. I)), the Board observed that the Secretariat had not made sufficient progress in implementing the recommendations of the Board, in particular in relation to areas of long-standing concern to the Board, such as enterprise risk management, business transformation, financial management and accounts preparation. The Board indicated that 6 of the 63 extant recommendations (9 per cent) had been fully implemented, 22 (35 per cent) were under implementation, 32 (51 per cent) had not been implemented, 1 (2 per cent) had been overtaken by events and 2 (3 per cent) had been closed by the Board (ibid., table II.1). The Board indicated that the implementation of Umoja had consumed the resources of the Secretariat in that regard, thereby affecting its ability to focus on the implementation of the recommendations.

8. Upon enquiry, the Advisory Committee was informed that the Secretary-General acknowledged the observation of the Board of Auditors regarding the unusually low implementation rates for 2014 and 2015, while noting that the simultaneous implementation of the Secretary-General's transformation agenda, which included IPSAS, Umoja, mobility and the global service delivery model, had placed an enormous additional demand on the group of staff members that are involved in implementing the recommendations of the Board. In addition, it was explained that the follow-up of the Board on the implementation of its recommendations contained in volume I of its reports, had previously been done on a biennial basis, but was now done annually owing to the adoption of IPSAS. Moreover, the Advisory Committee was informed that the implementation rate of recommendations contained in the report of the Board on the accounts of the United Nations peacekeeping operations for the financial period 1 July 2014 to 30 June 2015 (A/70/5 (Vol. II)) had improved, from 44 per cent in 2010 to 52 per cent in 2015. The Committee's most recent observations and recommendations on the findings of the Board of Auditors are contained in the report of the Committee on the financial reports and audited financial statements and reports of the Board for the period ended 31 December 2015 (A/71/669).

9. Upon enquiry, the Advisory Committee was also provided with information concerning the recommendations emanating from the Office of Internal Oversight Services (OIOS). The annual implementation rates of recommendations have consistently been above 50 per cent during the period from 2010 to 2015. In the addendum to its report for the period from 1 July 2015 to 30 June 2016 (A/71/337 (Part I)/Add.1/Rev.1), OIOS indicated that the Secretariat had achieved the following cumulative rates of implementation as at 30 January 2016: 97 per cent for 2012, 92 per cent for 2013, 84 per cent for 2014 and 56 per cent for 2015.

10. **The Advisory Committee reiterates its view that the full and timely implementation of the recommendations of oversight bodies is an essential part of any effective system of accountability (see A/70/770, para. 6, and A/69/802, para. 15). The Committee also recalls that, in its resolution 70/255, the General Assembly also reiterated its request to the Secretary-General to take further, concrete measures to develop capacity for evaluation within the Secretariat programmes, with support provided by OIOS and external oversight bodies in terms of guidance and methodological advice.**

Improving internal controls

1. Anti-Fraud and Anti-Corruption Framework

11. In his most recent report, the Secretary-General indicated that the Anti-Fraud and Anti-Corruption Framework for the United Nations Secretariat had been issued in September 2016 (see ST/IC/2016/25, annex). He also indicated that activities relating to the new framework included the leadership dialogue for 2016, an e-learning programme, outreach articles and other materials (see A/71/729, paras. 27 and 28). The Framework also includes agreed upon definitions of "fraud" and "corruption".

12. In compliance with General Assembly resolution 70/255, in his report, the Secretary-General further indicated that, under the auspices of the High-level Committee on Management, a task force had been established whose main objective was to work towards a single set of definitions, agreed upon across the United Nations system, of what constitutes fraud, as well as suspected or presumptive fraud. In terms of implementing a zero-tolerance approach to fraudulent acts, the Secretary-General indicated that he planned to modify the Financial Regulations and Rules of the United Nations to include the activities of the Organization's implementing partners that are contracted to assist in the delivery of United Nations mandates and finalize, by mid-2017, a Secretariat-wide fraud risk assessment to be undertaken by the enterprise risk management function of the Secretariat in collaboration with an outside expert (A/71/729, paras. 30-34). **The Advisory Committee welcomes the efforts to establish a single agreed set of definitions of what constitutes fraud across the United Nations system and trusts that this work will be concluded expeditiously. The Committee also underlines the importance of applying zero-tolerance to fraudulent acts to all the Organization's implementing partners.**

13. With regard to actual cases of fraud, the Advisory Committee was informed, upon enquiry, that the Secretariat reported to the Board of Auditors a total of 9 new cases of fraud or suspected fraud in 2015. In addition, in the most recent information circular containing proven cases of misconduct, covering the period from 1 July 2015 to 30 June 2016 (see ST/IC/2016/26), the Under-Secretary-General for Management reported 20 cases of fraud and misrepresentation in which disciplinary actions were taken, compared with 7 such cases in the previous period (see ST/IC/2015/22).

14. Upon enquiry, the Advisory Committee was also informed that the Secretariat agreed with the observation of the Board of Auditors that it did not have adequate systems and procedures in place to ensure the complete and accurate reporting of fraud. The Board recommended that the Administration should establish a central intake mechanism to cover all cases of staff grievances and suspected fraud,

allowing them to be properly screened and assessed and sent to the right part of the Organization for action, and facilitating improved data collection (see A/69/5 (Vol. I), para. 148), a recommendation which was subsequently accepted by OIOS (see A/69/353, para. 51). In its most recent report, however, the Independent Audit Advisory Committee strongly regretted that that critical recommendation continued to remain unimplemented and called upon OIOS to implement a central intake mechanism as expeditiously as possible (see A/71/295, para. 69). The Advisory Committee was further informed that the matter of a central intake mechanism was currently on the agenda of the Secretary-General's management committee.

15. **The Advisory Committee looks forward to the prompt implementation of the agreed recommendation regarding the establishment of a central intake mechanism for investigations. The Committee welcomes the adoption of the new Anti-Fraud and Anti-Corruption Framework and looks forward to receiving periodic status updates on its implementation in future reports of the Secretary-General on the accountability system.**

2. Enterprise risk management

16. A policy framework for the implementation of enterprise risk management in the Secretariat was originally set out in the report of the Secretary-General on progress towards an accountability system in the United Nations Secretariat (A/66/692) issued in 2012. In paragraphs 10 to 22 of his most recent report on the accountability system, the Secretary-General described progress made in addressing the six organization-wide risks identified as matters of priority (see A/71/729).

17. In paragraph 14 of its resolution 70/255, the General Assembly requested the Secretary-General to provide it with updates with respect to the implementation of the enterprise risk management system across peacekeeping missions. In his report, the Secretary-General indicated that the first phase of implementation had been completed in 2016. In the report, it is noted that three peacekeeping missions, the United Nations Interim Force in Lebanon, the United Nations Mission in Liberia and the United Nations Interim Administration Mission in Kosovo, and the United Nations Logistics Base had initiated risk treatment plans to respond to previously identified risks, while implementation at the United Nations Support Office in Somalia had been delayed, owing to a change in mandate pursuant to Security Council resolution 2245 (2015). In addition, an annual workshop for the focal points on mission risk management had been held (A/71/729, para. 47). **The Advisory Committee notes, however, that the implementation of the enterprise risk management framework in peacekeeping missions is presently only at an initial phase and trusts that additional efforts will be taken to implement the approach across all peacekeeping operations.**

3. Policy against retaliation

18. In compliance with General Assembly resolution 70/255, the Secretary-General finalized a new whistle-blower policy, which was issued in the Secretary-General's bulletin on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations (ST/SGB/2017/2), which was issued on 20 January 2017. The Advisory Committee notes that the new policy

replaces an older policy that had been in effect since 2005. The major changes include the following:

(a) The Ethics Office and OIOS will now be able to take preventive action where a risk of retaliation has been identified, instead of requiring staff to identify a specific retaliatory act before they can request protection;

(b) The policy affords protection from retaliation to whistle-blowers who report wrongdoing committed not only by staff but also by contractors, non-United Nations peacekeepers and others;

(c) Staff now have the right to seek review of preliminary determinations made by the Ethics Office;

(d) Complainants will be notified of disciplinary measures taken against staff members found to have retaliated against them.

19. The Advisory Committee was also informed that the Secretary-General had tasked an internal working group to examine whether the policy should also provide enhanced protection for consultants and individual contractors. The working group has been requested to provide its recommendations by 30 June 2017.

20. **The Advisory Committee welcomes the new policy on protection against retaliation and trusts that detailed information on its implementation, including any proposed extension to its scope, will be provided in the next progress report on the accountability system.**

4. Financial disclosure programme

21. Details on the caseload of the Ethics Office, as well as the compliance with the financial disclosure programme that that Office administers, are contained in paragraphs 49 and 50 of the report of the Secretary-General (A/71/729). The most recent observations and recommendations of the Advisory Committee on the activities of the Ethics Office are contained in its report on human resources management (see A/71/557, sect. VIII).

5. Conduct and discipline

22. Data relating to disciplinary actions in cases of misconduct for the period ending 30 June 2016 are contained in paragraphs 65 and 66 of the report of the Secretary-General (A/71/729). Observations and recommendations of the Advisory Committee on disciplinary matters are contained in its most recent report on human resources management (see A/71/557, sect. VI). With regard to senior staff members, the Advisory Committee was informed, upon enquiry, that, between 2014 and 2016, a total of four staff members at the D-1 level and above had been reprimanded, whereas three additional staff members at that level had been subjected to disciplinary sanctions.

23. Regarding conduct and discipline in field missions, in his report, the Secretary-General indicated that a full update on the special measures for protection from sexual exploitation and abuse would be provided in the context of the next report on the matter, to be submitted during the second part of the resumed seventy-first session of the General Assembly (see A/71/729, para. 43).

24. In his report, the Secretary-General indicated that the technical interface had been activated between the Misconduct Tracking System maintained by the Department of Field Support and the system used by the Department of Peacekeeping Operations for the deployment of military and police contingent personnel, in February 2016, to allow vetting for prior misconduct against information recorded in the System. With vetting now being done for military and police contingent personnel, all personnel deployed at peacekeeping and special political missions are now subject to the same vetting process, which is designed to ensure that personnel previously found to have committed misconduct do not serve again in the United Nations (see A/71/729, para. 46). **The Advisory Committee takes note of this initiative, but stresses the need for a single system-wide tracking system that would cover all forms of misconduct thereby ensuring a comprehensive and consistent system of vetting that avoids any duplication of effort. The Committee intends to revert to the matter in the context of the next report of the Secretary-General on human resources management.**

Implementation of resolutions of the General Assembly

25. In paragraph 7 of its resolution 70/255, the General Assembly requested the Secretary-General to include information on the status of the implementation of Assembly resolutions on administrative and budgetary matters and to ensure that comprehensive information on the implementation of such resolutions is contained in the biennial programme performance report.

26. The Advisory Committee was informed, upon enquiry, that a tracking mechanism had been designed to collect the relevant information on the above-mentioned resolutions from all offices within the Department of Management and other departments and offices, as applicable. Those offices will be required to submit their responses by mid-March 2017. A brief summary of actions taken by the Secretary-General will be included with the responses. The Committee was also informed that, as at mid-February 2017, a total of 85 resolutions of the General Assembly on administrative and budgetary matters had been included in the tracking mechanism.

27. The Advisory Committee was further informed that a similar exercise would be carried out with respect to the resolutions on administrative and budgetary matters to be adopted by the General Assembly in 2017. The final information will be compiled in the programme performance report for the biennium 2016-2017 and submitted to the General Assembly at its seventy-second session.

28. **The Advisory Committee welcomes the steps taken towards monitoring the status of the implementation of the General Assembly resolutions on administrative and budgetary matters and notes that consolidated information thereon will be included in the forthcoming programme performance report. The Committee recommends that the General Assembly request the Secretary-General to also include this information in future performance reports on the programme budget.**

C. Managing performance

Institutional performance

29. With regard to statistical data on the Organization's performance, the Advisory Committee was informed that the most recent recorded results for the United Nations Secretariat on the implementation of the approved programme of work are contained in the relevant programme performance report for the biennium 2014-2015 (A/71/75). In that report, it is indicated that 34,150 outputs were implemented during the biennium 2014-2015, which represents an increase in the implementation rate, from 92 to 94 per cent of outputs, compared with the biennium 2012-2013.

30. In terms of the broader concept of achieving programme outcomes, the Advisory Committee recalls that the General Assembly, in paragraphs 11 and 12 of its resolution 70/255, requested the Secretary-General to continue his efforts to accelerate the implementation of the results-based management framework throughout the Secretariat in a phased manner, taking into account the provisions of paragraph 6 of its resolution 67/253, in which the Assembly, inter alia, had requested the Secretary-General to further refine the results-based management framework to take into account how the Organization is shifting its focus from the delivery of outputs to the delivery of results. The Assembly reiterated its request to the Secretary-General to include in the sixth progress report a detailed plan, with a fixed time frame and clear milestones, for the implementation of results-based management as part of the regular functioning of the Organization.

31. The Advisory Committee notes that the most recent report of the Secretary-General on the accountability system contains no reference to the concept of results-based management. Upon enquiry, the Advisory Committee was informed that plans are under way to draw specific links between the strategic objectives of the Organization and the management of the Organization's human resources by putting into place senior managers' compacts and enhancements to the staff performance management system.

32. **The Advisory Committee notes with concern that the report of the Secretary-General contains no information with respect to the implementation of results-based management and does not address the requirements set out by the General Assembly for the implementation of a detailed plan, with a fixed time frame and clear milestones. The Advisory Committee recommends that the General Assembly request the Secretary-General to expedite completion of this plan and to report thereon in his next progress report on the accountability system.**

33. Regarding the impact of Umoja on institutional performance, updated information on the implementation of Umoja is contained in paragraphs 68 to 71 of the report of the Secretary-General (A/71/729), in which he noted that the financial statements module, which served as the backbone for compliance with IPSAS, was launched for peacekeeping operations in August 2016. The module was applied to all other operations in January 2017. Some of the systemic improvements that are starting to emerge as a result of use of Umoja are cited, such as the implementation of the Umoja real estate module as an important step forward, given that, according to the Secretary-General, it provides a comprehensive view of the Organization's

owned, leased and donated right-to-use real estate holdings (ibid., paras. 75-77). It is indicated that Umoja would allow for the implementation of a global procurement operating model in the Secretariat, given that suppliers for all Secretariat entities were now consolidated in a common database (ibid., paras. 79 and 80). **The Advisory Committee notes that the report under review contains few specific details and trusts that detailed, concrete information on the impact of Umoja on institutional and personal accountability will be included in the next report of the Secretary-General.**

34. With regard to the authorship and clearance of Secretariat reports, the Advisory Committee was informed that an internal memorandum dated 13 August 2013 from the Chef de Cabinet addressed to all Heads of Departments and Offices had established the procedures with respect to the clearance of reports of the Secretary-General. In the memorandum, it was indicated that mandatory clearance by the Executive Office of the Secretary-General was required for:

(a) All reports of the Secretary-General to the Security Council or the Human Rights Council;

(b) All reports to the General Assembly containing policy proposals that have resource implications or that could be viewed as politically sensitive.

Reports that do not meet those criteria are to be submitted to the Executive Office of the Secretary-General for information, accompanied by a cover memorandum with specific information about the content of the report.

Individual performance

1. Senior managers' compacts

35. The General Assembly, in paragraph 22 of its resolution 70/255, reiterated its requests to the Secretary-General to take further concrete measures to ensure that the compacts system becomes a meaningful and powerful instrument of accountability, to take actions to address systemic issues that prevent managers from meeting their targets, in particular those related to compliance with the recruitment timeline, and to report to the Assembly on the progress achieved in that regard in the context of the sixth progress report.

36. In the report of the Secretary-General, information is provided on areas of responsibility contained in the senior managers' compacts, and it is indicated that the template of the compact for heads of field missions for 2016 had been refined to include a new objective on gender mainstreaming, strengthened language on conduct and discipline and a new commitment in the area of the environment (see A/71/729, paras. 53 and 54). Upon request, the Advisory Committee was provided with the templates of the compacts put into place for the senior managers serving in the United Nations. The Committee notes that both the expected accomplishments and the performance measures in the compacts are formulated in very broad terms that, together with the absence of implementation timelines, limit their usefulness as an actual tool for enforcing accountability. For example, one of the expected accomplishments in financial resource management for heads of mission reads: "Managers plan, monitor and utilize resources requirements proactively to achieve stated objectives and priorities" and one of the related performance measures is defined as: "Identification and realization of resources efficiencies totalling at least

1 per cent of annual requirements". **The Advisory Committee recommends that the General Assembly request the Secretary-General to undertake additional efforts to strengthen the senior managers' compacts by making them more concrete with specific measurable and time-bound performance measures and targets.**

37. **Furthermore, the Advisory Committee notes that the recent reports of the Board of Auditors continue to highlight deficiencies in financial stewardship and compliance with the United Nations Financial Regulations and Rules.[2] The Advisory Committee reiterates its view that the necessary measures must be in place to link individual responsibilities with organizational activities, whether these pertain to day-to-day management tasks or broader institutional change initiatives and that the credibility of the accountability framework rests on the ability of the Organization to operationalize and enforce remedial measures for staff and officials who have not adequately exercised their responsibility (see A/70/770, para. 29).**

38. In his report, the Secretary-General also indicated that, through the annual compact assessment process, the Management Performance Board had identified compliance with recruitment timelines as a systemic area of weakness for senior managers (A/71/729, para. 55). The Advisory Committee recalls that, as previously reported in his overview of human resources management reform (A/71/323), the Secretary-General was piloting a centrally administered assessment project with the goal of reducing recruitment timelines, in particular the time taken by hiring managers to recommend candidates.

39. On the related matter of recruitment timelines and the specific issue of the time taken for the classification of posts, the Advisory Committee was informed during its consideration of the present report, that the time taken to classify posts had, to date, been excluded from the staffing timeline; data on that process was being handled outside of Inspira. **In view of the lack of clarity and data concerning the inclusion of the classification process in the recruitment timelines, the Advisory Committee reiterates its intention to keep this matter under review in the context of its review of the next report of the Secretary-General on the overview of human resources management reform (see also A/71/557, para. 29).**

2. Staff performance

40. The Secretary-General, in paragraphs 58 to 62 of his report (A/71/729), refers to a two-phased approach to reforming the Organization's performance management that would first stress the credibility and reliability of performance evaluations and subsequently make them an explicit criterion for career progression. That approach was initially put forward in his most recent overview of human resources management reform (A/71/323, paras. 77-95). The first phase is proposed to be implemented between 2017 and 2019, whereas the second phase would begin in 2019.

41. The Advisory Committee provided its comments on staff performance in its recent report on human resources management (see A/71/557, paras. 55-60). The General Assembly has endorsed the Committee's related conclusions and recommendations, in Assembly resolution 71/263.

[2] See, in particular, A/71/5 (Vols. I and II).

42. In the context of its consideration of the present report, the Advisory Committee was informed, upon enquiry, that, on average for the past three performance cycles (covering the period from 1 April 2013 to 31 March 2016), approximately 98 per cent of staff were deemed to have been working excellently (exceeds performance expectations) or well (fully satisfactory performance). In that regard, the Committee was informed that in the view of the Office of Human Resources Management, departments and offices should be advised to take a more balanced approach to ratings, one that would resemble a bell curve, while recognizing that establishing set percentages might have a negative impact on staff productivity and morale. **The Advisory Committee reiterates its view that the current ratings distribution may not be an accurate reflection of performance in the Organization and expects specific measures that would result in a more credible distribution of ratings. The Committee intends to revert to this issue in the context of its review of the next report of the Secretary-General on the overview of human resources management reform.**

III. Conclusion

43. The actions to be taken by the General Assembly are set out in paragraphs 83 and 84 of the report of the Secretary-General (A/71/729). The General Assembly is requested in particular to consider changing the frequency of the progress reports from annual to biennial in order to provide the Secretariat with more time to implement the measures on which it reports.

44. The Advisory Committee was informed, upon enquiry, that strengthening the accountability system required the implementation of actions demanding extensive consultation and time. According to the Secretary-General, significant progress had been made in recent years towards strengthening the accountability system in the Secretariat, but actions towards that end constituted a continuous process. The Secretary-General indicated that, in terms of yearly reporting cycles, the time elapsed between the issuance of the General Assembly resolution on the annual progress report and the preparation of the next report was approximately seven months, given that the report must be ready by mid-November, in advance of the internal consultative and document production processes. Consequently, the time available to design and implement actions and to measure and monitor results is limited.

45. **In view of the persistent gaps in institutional and personal accountability, as well as the ongoing lack of detailed and concrete plans to improve or implement specific elements as described in the present report, the Advisory Committee is not convinced that the report of the Secretary-General should be issued biennially at this juncture. However, the Committee considers that details pertaining to certain elements within the framework, specifically those relating to human resources, should be considered in the context of, or at the same time as, the Secretary-General's proposal on the evolving human resources management framework, which he intends to submit at the seventy-third session of the General Assembly for the consideration of the Assembly (see A/71/557, para. 11). The Advisory Committee intends to revert to the question of the periodicity of the progress report at that time.**

46. **Subject to its comments and recommendations above, the Advisory Committee recommends that the General Assembly take note of the sixth progress report of the Secretary-General on the accountability system in the United Nations Secretariat.**

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Protracted conflicts in the GUAM area and their implications for international peace, security and development

The situation in the occupied territories of Azerbaijan

Identical letters dated 28 February 2017 from the Permanent Representative of Azerbaijan to the United Nations addressed to the Secretary-General and the President of the Security Council

In accordance with instructions received from my Government, I have the honour to transmit herewith the statement of the Ministry of Defence of the Republic of Azerbaijan dated 25 February 2017 and the statement of the Spokesperson and Head of Press Service of the Ministry of Foreign Affairs of the Republic of Azerbaijan dated 26 February 2017 regarding the recent provocation on the front line by the armed forces of the Republic of Armenia (see annex).

I should be grateful if you would have the present letter and its annex circulated as a document of the General Assembly, under agenda items 32 and 37, and of the Security Council.

(*Signed*) Yashar **Aliyev**
Ambassador
Permanent Representative

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Annex to the identical letters dated 28 February 2017 from the Permanent Representative of Azerbaijan to the United Nations addressed to the Secretary-General and the President of the Security Council

Statement of the Ministry of Defence of the Republic of Azerbaijan

25 February 2017

The enemy carried out a large-scale provocation along the entire front line.

On 25 February at midnight, Armenian Armed Forces' military units made an attempt to penetrate into the positions of the Azerbaijani Armed Forces in different directions with the aim of carrying out a large-scale provocation on the front line.

As a result of constant surveillance of the enemy, setting up ambushes and combat security, the enemy action had been identified in advance. The military units of the Azerbaijani Armed Forces took firm measures to prevent the enemy penetration to the depth of our defence.

Fierce fighting took place between the enemy, trying to seize advantageous positions in the Khojavand-Fizuli direction of the front, and our military units.

The enemy forces were forced to retreat as a result of the brave action of the units of the Azerbaijani Armed Forces, which were standing in ambush set up in this direction.

The Azerbaijani side suffered losses as a result of the fighting.

Failing to move forward in various areas, the enemy, using heavy artillery, subjected to fire the positions of the Azerbaijani Armed Forces.

In accordance with the operational situation, appropriate countermeasures are taken against the firing positions and staging areas of the enemy.

Statement by Hikmat Hajiev, Spokesperson and Head of Press Service of the Ministry of Foreign Affairs of the Republic of Azerbaijan

26 February 2017

As stated by the Ministry of Defence of the Republic of Azerbaijan on 25 February, at midnight the armed forces of Armenia made an attempt to penetrate into the positions of the armed forces of Azerbaijan with the aim of conducting large-scale provocation on the front line and trying to seize advantageous positions in the Khojavand-Fizuli direction of the front.

The escalation of the situation on the front and the perpetration of military provocations are a continuation of Armenia's political provocations such as the holding of an illegal "referendum" in the occupied territories of Azerbaijan on 20 February 2017. The political and military provocations of Armenia are aimed at deliberate escalation of the situation and undermining the efforts for a solution of the conflict via the substantive talks, diverting the attention of the international community on the anniversary of the Khojaly genocide from the responsibilities borne by Armenia for Khojaly, and strengthening the already lost social support base and position of Armenia's ruling regime in forthcoming parliamentary elections in Armenia.

The Azerbaijani side has repeatedly emphasized that the illegal presence of armed forces of Armenia in the occupied territories of Azerbaijan remains the prime reason for the escalation of the situation. The events that occurred in April last year proved it over again. The international community, particularly the OSCE Minsk Group Co-Chairs at the Heads of State level, on many occasions stated that the status quo is unacceptable and unsustainable and must be changed.

With a view to preventing the escalation of the situation and changing the status quo of occupation, and ensuring sustainable peace in the region, full and unconditional withdrawal of the armed forces of Armenia from all occupied territories of Azerbaijan has to be provided based on the relevant resolutions of the Security Council.

The instigator of the escalation of the situation on the front is Armenia and therefore all responsibility falls on the political-military leadership of Armenia.

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Programme budget for the biennium 2016-2017

Standards of accommodation for air travel

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on standards of accommodation for air travel (A/71/741 and Corr.1). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 15 February 2017. **The Advisory Committee notes the corrections to errors in the report of the Secretary-General set out in the related corrigendum, and trusts that the Secretariat will strengthen its efforts to verify the information before inclusion in future reports of the Secretary-General.**

2. The report of the Secretary-General was submitted in accordance with General Assembly resolutions 42/214, 45/248 A, 53/214, 63/268, 65/268, 67/254 A and 69/274 A and decisions 44/442 and 46/450, as well as decision 57/589, in which the Assembly requested the Secretary-General to submit his report on a biennial basis. The report provides information on standards of accommodation for air travel for the two-year period ended 30 June 2016 and comparative statistics for the two-year period ended 30 June 2014, in addition to trend analyses for the past 10 years.

3. **The Advisory Committee reiterates that resources for official travel should be utilized judiciously in the interest of the Organization and that before official travel is authorized as a means to implement mandated activities, full account of its cost-effectiveness and the impact on productivity resulting from prolonged absences from the office while travelling should be taken into account to determine whether other means of representation and methods of communication can be utilized instead. The Committee also emphasizes that the primary consideration in authorizing official travel should be whether direct face-to-face contact is necessary for mandate**

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implementation. If not, then alternative methods should be employed (see A/69/787, para. 29).

II. Standards of accommodation for air travel for the period July 2014-June 2016

A. Exceptions authorized by the Secretary-General

4. With respect to the exceptions to the standards of accommodation for air travel authorized by the Secretary-General, the following considerations in the exercise of the Secretary-General's discretion are set out in his report: (a) medical reasons; (b) unavailability of the regular standard of accommodation for air travel; (c) the traveller is considered an eminent person (a current or former Head of State or Government); (d) the traveller is considered a prominent person (a current or former cabinet minister or, in the opinion of the Secretary-General, a significant international figure in the political, scientific, economic, humanitarian or cultural arenas who is providing his or her services to the Organization); (e) the traveller is required to undertake an arduous journey owing to the exigencies of service; and (f) the traveller provides close protection security services to the President of the General Assembly, the Secretary-General or the Deputy Secretary-General and their spouses, or to Under-Secretaries-General or Assistant Secretaries-General designated to represent the Secretary-General or to undertake missions in the exercise of the Secretary-General's good offices (see A/71/741, paras. 13 and 16).

5. According to the Secretary-General, the number of trips and the total additional cost of the exceptions authorized by the Secretary-General for the Secretariat have increased steadily, while the travel of delegates of the General Assembly and the President of the General Assembly has decreased. Tables 3 and 4 of the report of the Secretary-General show that the number of trips under exceptions authorized by the Secretary-General has increased, from 491 trips in the period from July 2012 to June 2014 to 963 in the period from July 2014 to June 2016, while the total additional cost of exceptions has increased, from $1,526,116 in the period from July 2012 to June 2014 to $2,939,274 in the period from July 2014 to June 2016. It is indicated that the promulgation of administrative instruction ST/AI/2013/3, which increased the travel time needed for a traveller to qualify for business class and made economy class the standard accommodation for air travel for consultants, individual contractors and other non-staff providing services to the Organization, resulted in more requests for exceptions in the July 2014-June 2016 period, especially for the category of prominent persons. It is stated that in some cases, under the previous travel policies, prominent persons would not have been treated as exceptions since they would have been eligible for the same standards of accommodation as staff members (see A/71/741, paras. 9, 12 and 14).

6. The General Assembly, in its resolution 67/254 A, requested the Secretary-General to take action to limit the use of exceptions, to conduct an analysis of the trends in the use of exceptions, to present proposals for enhancing controls in that area no later than the sixty-ninth session of the Assembly and, in that context, to review the use of exceptions for the category of prominent persons and to report thereon. The Secretary-General requests to submit his proposals at the first part of

the resumed seventy-third session of the General Assembly, as additional time is required to review the matter (see A/71/741, para. 4). **The Advisory Committee notes that the Secretary-General did not present such proposals at the sixty-ninth session or the current session of the General Assembly, and instead requests to submit them at the first part of the resumed seventy-third session. The Committee is of the view that the Secretary-General has had sufficient time since the adoption by the Assembly of resolution 67/254 A to review the use of exceptions and should have included proposals in that regard in his report. The Committee expects that the Secretary-General will submit such proposals at the first part of the resumed seventy-third session and will take all necessary measures in the meantime to limit the use of exceptions.**

B. Travel of experts of sanctions monitoring teams, groups and panels

7. The Advisory Committee recalls that during its consideration of the estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council, the Committee was informed that experts in sanctions monitoring teams, groups and panels are classified as consultants and therefore that economy class is applied as the standard of accommodation for air travel for the experts. **The Advisory Committee reiterates its view that the nature of the work of the experts under the sanctions monitoring teams, groups and panels is distinct from that performed under other consultancy contracts. The Committee therefore recommends that the General Assembly affirm their entitlement to the same standard of accommodation as staff members of the Secretariat (see A/68/7/Add.10, para. 100).**

C. Policy on first-class travel

8. Upon enquiry as to the differences between first class and business class, the Advisory Committee was informed that research indicates that, since the introduction of business class in the late 1970s, today's business class has become functionally equivalent to yesterday's first class, and that many airlines have opted to eliminate first-class cabins and offer only a business-class cabin as their highest standard. The Committee was also informed that the airlines that still offer first-class cabins have introduced such features as miniature suites, half-high partitioning for privacy, on-board showers and butlers rather than flight attendants, as well as better food and beverage options.

9. The Advisory Committee recalls that in its previous report, it observed that many airlines had significantly cut back, if not entirely eliminated, first-class sections on aircraft and that the differences in the level of accommodation between first class and business class had been minimized in certain cases (see A/69/787, para. 40). The Committee therefore recommended that the General Assembly request the Secretary-General to conduct a review of developments in the air travel industry over time, which was subsequently endorsed by the Assembly in its resolution 69/274 A. **Considering the developments in the air travel industry, notably that business class is now functionally equivalent to yesterday's first**

class, and that first-class sections have been eliminated by many airlines, the Advisory Committee recommends that the General Assembly review the Organization's policy on entitlements to first-class travel.

10. **The Advisory Committee is also of the view that when Under-Secretaries-General or Assistant Secretaries-General undertake official travel to represent the Secretary-General, the standard of accommodation utilized should be the standard applicable to Under-Secretaries-General or Assistant Secretaries-General.**

III. Use of frequent flyer miles

11. In its resolution 69/274 A, the General Assembly requested the Secretary-General to continue to monitor industry best practices in the area of frequent flyer miles and to report to the Assembly on any new trends for making use of frequent flyer miles to improve the administration of travel. In the report of the Secretary-General, it is stated that the Secretariat continues to monitor best practices across all areas of travel, including through participation in two travel management networks: the Inter-Agency Travel Network (a technical working group composed of travel managers from 75 international organizations) and the Travel Services Benchmark Network (an industry group composed of travel managers from 15 organizations, mostly from the private sector). It is also stated that information obtained from the organizations of the two networks indicates a low level of implementation of corporate frequent flyer programmes in the public and private sectors. It is further stated that the public and private sector organizations maintain that managing a corporate frequent flyer mile programme is uneconomical as the costs of managing such a programme more than outweigh any associated benefits (see A/71/741, paras. 23-28).

12. According to the Secretary-General, implementing a corporate frequent flyer mile programme at United Nations Headquarters would involve managing frequent flyer mile programmes with the more than 70 airlines most frequently used for official travel. It is also stated that as frequent flyer miles can typically be redeemed only for a limited number of seats on given flights, the practical utility for business travel is limited. It is indicated that another factor to take into consideration is the variety of funding sources, since miles earned by one funding source may not necessarily be spent by another. It is also indicated that negotiated airline agreements providing upfront discounts on market air fares are typically preferred to corporate frequent flyer mile programmes by other organizations. In a revised information circular, all staff of the Secretariat are instructed not to use, for personal travel, any frequent flyer miles gained as a result of conducting official business on behalf of the Organization, and are encouraged to use such frequent flyer miles for official travel, where feasible (see A/71/741, paras. 29-32).

13. **While the Advisory Committee notes the above analysis of the Secretary-General on a corporate frequent flyer mile programme, the Committee considers that implementing such a programme within a limited pool of official travellers would be feasible and would achieve benefits for the Organization. Considering the frequent official travel undertaken by personnel at the level of Assistant Secretary-General and above, the Committee is of the view that any**

frequent flyer miles gained by these personnel as a result of conducting official business on behalf of the Organization should be used for official travel. The Committee therefore recommends that the General Assembly request the Secretary-General to implement such a programme with respect to official travel undertaken by personnel at the level of Assistant Secretary-General and above, beginning no later than January 2018, and to report back to the Assembly on the results of implementation at the first part of its resumed seventy-third session.

IV. Implementation of the recommendations contained in the report of the Office of Internal Oversight Services on the comprehensive audit of air travel activities and related practices

14. In its resolution 69/274 A, the General Assembly emphasized the importance of implementing all of the recommendations contained in the report of the Office of Internal Oversight Services on the comprehensive audit of air travel activities and related practices, and requested the Secretary-General to provide detailed updates on their implementation in the context of future reports on the subject. The Secretary-General provides an update on the implementation of the Office's recommendations in section VI of his report.

15. The Secretary-General states that the Office of Central Support Services continues to work with airline partners to consolidate local and regional agreements into global ones and actively promote such agreements across Secretariat travel processing offices; six global agreements have been negotiated so far, and five more are in progress (see A/71/741, paras. 36 and 37). The Advisory Committee was informed upon enquiry that, across the six global agreements, the Secretariat on average receives discounts of 15 per cent on business-class tickets and 12 per cent on economy-class tickets and, on some airlines, the Secretariat can receive discounts of up to 35 per cent on business-class tickets. The Committee was also informed that airline discount agreements are negotiated on the basis of market share and anticipated volume; higher market shares and higher travel volumes lead to higher discounts being made available to the Organization. The Committee was further informed that as there are no commitments on the part of the Organization, these corporate discount agreements are not subject to a formal procurement process. **The Advisory Committee encourages the Secretary-General to explore further negotiated discount agreements with airlines for higher discounts in lieu of frequent flyer miles.**

16. In paragraph 38 of his report, the Secretary-General states that the Office of Central Support Services introduced a cost-recovery mechanism, in the form of a fixed service fee, in April 2016 to enable Secretariat offices to utilize the services of travel processing offices across the Secretariat. The mechanism enables Secretariat offices to purchase air tickets at locations where the Organization can obtain the best value for money, while the income generated from the service fee can be applied towards increasing resource levels or meeting any other costs related to the particular transaction. The Secretary-General also states that in a pilot phase, the current fare auditing practice at United Nations Headquarters is being amended, and

the Office of Central Support Services is contracting an independent third party to conduct regular fare audits of the travel agency at United Nations Headquarters (see A/71/741, para. 39).

V. Comprehensive information on air travel activities and the effects of the implementation of Umoja in travel administration

17. In its resolution 69/274 A, the General Assembly requested the Secretary-General to submit to the Assembly, in his next report, comprehensive information on the effects of the implementation of Umoja in travel administration, including updated information, trends and analysis in all areas relating to air travel in the United Nations. The Secretary-General states in his report that the Umoja travel module has been deployed in a phased manner, from the pilot in the United Nations Stabilization Mission in Haiti in July 2014, to its roll-out to cluster 4 entities[1] in November 2015. It is stated that the phased approach would mean that the data cannot be compared across years in a situation where different parts of the Secretariat have been implementing the Umoja travel module at different times. It is also stated that increased support requirements have resulted from the introduction of the employee self-service concept, and the workload for travel resources overall has increased significantly as a result of the Umoja travel module (see A/71/741, paras. 47-54). Tables 7-10 and the related annexes of the report of the Secretary-General set out the comprehensive information on the basis of data in Umoja from July 2014 to June 2016. **The Advisory Committee notes the comprehensive information provided in response to the General Assembly's request, and trusts that the Secretary-General will further improve the presentation of travel activities for the Assembly's consideration.**

18. Table 10 of the report of the Secretary-General sets out information on the compliance with the advance purchase policy directive by travel category, and shows that compliance in the official travel, entitlement travel, human resources travel and group travel categories were 32, 52, 31 and 37 per cent, respectively, for the first half of 2016. In annex XIX to the report, it is indicated that human resources travel includes travel related to separation/repatriation; appointment (post); transfer/reassignment; appointment (finite duration); temporary assignment; competitive exam (post); appointment (consultant); interview (general temporary assistance); interview (post); transportation of human remains; and competitive exam (general temporary assistance). Upon enquiry, the Advisory Committee was informed that for there to be significant improvements to the compliance rate, better planning at the departmental level is crucial. **The Advisory Committee notes the low compliance rate with the advance purchase policy directive, in particular in the human resources travel category. The Committee encourages stronger efforts in this regard and is of the view that most of the different types of**

[1] United Nations Headquarters, United Nations Office at Geneva, United Nations Office at Vienna, Economic Commission for Africa, Economic and Social Commission for Western Asia, Economic Commission for Latin America and the Caribbean, Economic Commission for Europe, international tribunals, peacekeeping operations and special political missions (international staff).

human resources travel can be better planned by the respective offices for improved compliance. The Committee also recommends that future reports include a detailed explanation by travel category should there be low rates of compliance with the advance purchase policy directive.

VI. Lump-sum option

19. Under the Staff Rules and Staff Regulations of the United Nations, for home leave, family visit or education grant travel, staff members may opt for a lump-sum payment in lieu of all entitlements related to the particular travel. In its resolution 67/254 A, the General Assembly decided that the Secretary-General should, as an interim measure pending the outcome of the review to be concluded in 2015, revise the provision for determining the travel-related lump-sum payment to 70 per cent of the least restrictive economy-class fare. In his report, the Secretary-General indicates that analysis for the period from June 2014 to June 2015 prior to the deployment of Umoja showed that, on average, the use of the lump-sum option represented a cost reduction of approximately 21 per cent per traveller as compared with the total costs of the ticket option (ticket, terminal expenses and shipment costs). However, Umoja travel data for the period January-August 2016 shows that the rate of acceptance of the lump-sum payment option has decreased from 93 per cent to 74 per cent, with the remaining 26 per cent of staff opting for the provision of tickets and related benefits by the Organization (see A/71/741, para. 86).

20. The Secretary-General requests that, since the collection and analysis of Umoja travel information only became possible in 2016, any future proposals on the lump-sum payment option be included in his next report on the standards of accommodation for air travel, to be submitted to the General Assembly at the first part of its resumed seventy-third session (see A/71/741, para. 87). **The Advisory Committee notes that the Secretary-General did not submit a proposal on modifying the lump-sum scheme to the General Assembly, either at its sixty-ninth session, as requested by the Assembly, or at its current session, and instead requests to submit proposals on the lump-sum option at the first part of the resumed seventy-third session of the Assembly. The Committee is of the view that the Secretary-General has had sufficient time to analyse the lump-sum option and should have made related proposals in his report.**

21. **In this context, the Advisory Committee notes the cost reduction of approximately 21 per cent per traveller arising from the use of the lump-sum option, and also notes that the provision of tickets and related benefits by the Organization entails administrative costs. Taking this into account, the Committee recommends that the General Assembly request the Secretary-General to take the steps necessary to implement a pilot scheme from January to December 2018, under which all staff would be required to use the lump-sum option for home leave, family visit or education grant travel. The Committee also recommends that the General Assembly request the Secretary-General to report back to the Assembly on the results of implementation at the first part of its resumed seventy-third session.**

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Review of the efficiency of the administrative and financial functioning of the United Nations

Procurement activities in the United Nations Secretariat

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on procurement activities in the United Nations Secretariat (A/71/681). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 1 March 2017.

2. The report of the Secretary-General is submitted in response to General Assembly resolution 69/273, in which the Assembly requested the Secretary-General to provide in the next progress report, information on, inter alia: (a) the global procurement system; (b) an update on the functions of the Regional Procurement Office in Entebbe, Uganda; (c) the impact of Umoja on the procurement process; (d) the advantages and disadvantages of different solicitation methodologies in the procurement of aviation services; (e) an assessment of the pilot project for electronic tendering; (f) an update on the development of the Award Review Board and the Vendor Review Committee; and (g) an update on intensified efforts to promote procurement from developing countries and countries with economies in transition.

II. Comments and observations

A. Procurement trends

3. Upon enquiry, the Advisory Committee was provided with data on procurement trends by major categories of goods and services for the years 2012,

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2013, 2014 and 2015 (see annex I of the present report). The data show that the overall volume of procurement increased from $3,086.9 million in 2012 to $3,351.4 million in 2015.

B. Global procurement system

Regional procurement within the context of service delivery

4. The Advisory Committee recalls that in its resolution 69/273, the General Assembly decided to establish the Regional Procurement Office in Entebbe, Uganda, as a regular office within the Procurement Division of the Secretariat, and looked forward to receiving updates on the functions of the Office in the context of the global service delivery model.

5. In his report, the Secretary-General states that following the implementation of Umoja, as well as other initiatives such as the global field support strategy and the supply chain management strategy, the Secretariat is in a position to re-examine its procurement operations, including the governance framework, the organizational structure and the distribution of procurement offices worldwide (A/71/681, para. 4).

6. In that report, it is indicated that recent studies conducted by the Procurement Division show an imbalance in the distribution of procurement expenditures and procurement staff. For instance, 77 per cent of procurement expenditure is generated through global and regional systems contracts as well as regular contracts established by the Procurement Division, including the Regional Procurement Office; 15 per cent through low-value local procurement in field missions; and the remaining 8 per cent by offices away from Headquarters, tribunals and regional commissions. In contrast, 57 per cent of procurement staff are located in or attached to field missions, 24 per cent are in the Procurement Division and 19 per cent are in offices away from Headquarters, the tribunals and regional commissions. Upon enquiry, the Advisory Committee was provided with further details showing the average procurement volume per procurement staff member at different peacekeeping missions and field-based special political missions and at other offices (see annex II to the present report). The data provided show that the average procurement volume per procurement staff member varies from some $22.6 million to $182,000 at the different peacekeeping missions and field-based special political missions and from $3.6 million to $558,000 at offices away from Headquarters, tribunals and regional commissions.[1]

7. Upon enquiry, the Advisory Committee was informed that data on the average procurement volume per procurement staff member for the Procurement Division at Headquarters and the Regional Procurement Office were not included in the figures in annex II, as the nature of procurement work in Headquarters and the Regional Procurement Office is more strategic, involving the establishment of long-term global and regional systems contracts. The Committee was also informed that the Secretariat envisioned that more transactional work would be shifted in the future from the local to the regional level, i.e., to the Regional Procurement Office, to

[1] Based on Umoja data as of 1 February 2017: staffing data based on Umoja "buyer" and "approver" roles in the source to acquire process; procurement volume data based on value of purchase orders issued in 2016 (preliminary figures subject to change).

support the consolidation of resources away from field missions where staff costs and security risks are typically higher. The Committee was further informed that, based on the same Umoja data used to produce the above-mentioned figures, the average procurement volume per procurement staff member amounted to $18.9 million for Headquarters and $285,673 for the Regional Procurement Office[2] (see para. 6 above and annex II).

8. **The Advisory Committee is of the view that there is a need for more detailed explanations on the imbalance of resources referred to in the report of the Secretary-General (A/71/681, para. 6). In addition, there is also a need for further clarification on the underlying data analysis and methodology applied for estimating workloads related to global and local procurement as well as for the execution of procurement transactions. The Committee trusts that the Secretary-General will provide such explanations in his next report.**

9. In the report of the Secretary-General, it is indicated that the above-mentioned imbalance of resources leads to inefficiencies and a need to consider structural changes. It is stated that procurement needs would be better served by a procurement organization with hubs that are not strictly location-bound, performing procurement functions for the relevant missions, along with a realignment of resources to match workloads. In his report, the Secretary-General proposes a phased approach to the achievement of this goal, and indicates that a proposal for the consolidation of local offices will be developed within the framework of the global service delivery model.

10. Upon enquiry, the Advisory Committee was informed that the structural changes in procurement operations would be facilitated through the implementation of Umoja, which had removed location-based operational barriers, introduced harmonized processes and enabled reporting and real-time management of procurement activities. The Office of Central Support Services was in the process of reviewing, in close coordination with clients and stakeholders, adjustments to the governance framework as well as changes to the organizational structure and distribution of procurement offices worldwide. The future service delivery proposal for procurement, including any proposed changes to the organizational structure, would be based on the gathering of data within the context of the project on the global service delivery model. It was envisaged that the consolidation of procurement operations into hubs and centres of excellence would increase the efficiency of the Secretariat's procurement operations and allow for the realization of benefits.

11. **The Advisory Committee looks forward to being informed of the outcome of the above-mentioned review. The Committee is of the view that any proposal made by the Secretary-General should seek to maximize efficiency gains and operational effectiveness while taking into account the specificities of individual offices and entities and the need to meet their procurement needs. The Committee expects any procurement service delivery proposals put forward to be fully coordinated and integrated with other initiatives under way, such as the supply chain management system.**[3]

[2] Regional Procurement Office figures based on purchase orders issued against regional system contracts by the Office from the third quarter of 2016.

[3] See A/71/681, paras. 1 and 4, as well as A/71/390, paras. 66-77.

Pilot project at Nairobi

12. The report of the Secretary-General provides information on a project that is being piloted in Nairobi to provide procurement support to the United Nations Environment Programme (UNEP), the United Nations Human Settlements Programme (UN-Habitat) and the Office for the Coordination of Humanitarian Affairs of the Secretariat (A/71/681, paras. 8-12). It is indicated that the project is being used to pilot an approach for providing procurement support that leverages Umoja and makes use of the capacity of the Secretariat's procurement offices at the locations where the goods and services are required. In addition, the above-mentioned organizations have access to the Procurement Division's contracts with clients in the United Nations system as well as to local contracts from the peacekeeping missions and offices away from Headquarters, thereby reducing the lead time for procurement in many cases. In order to ensure that minor procurement activities could continue to be performed at the local level without having to be referred to Headquarters, limited delegation of authority was also given to some offices of UNEP, UN-Habitat and the Office for the Coordination of Humanitarian Affairs, subject to completion of mandatory training by relevant staff. Service-level agreements were signed with the United Nations Office at Nairobi and UNEP and UN-Habitat, under which procurement cases originating from UN-Habitat and UNEP are managed by buyer-supervisors in Nairobi and New York. In the context of the pilot project, the Chief Procurement Officer of the United Nations Office at Nairobi reports to the Procurement Division at Headquarters on procurement-related matters.

13. It is indicated in the report of the Secretary-General that the pilot project was discussed at a meeting of the Nairobi Services Board held in January 2016, at which the various agencies involved confirmed that, in general, the new model worked well and could be replicated elsewhere. Upon enquiry, the Advisory Committee was informed that a similar model to that put in place for the United Nations Office at Nairobi, which has resulted in greater client satisfaction and improved delivery of procurement services, was being considered for replication at the United Nations Offices at Geneva and Vienna. **The Advisory Committee recommends that the General Assembly request the Secretary-General to provide, in his next report, an update on the results achieved through the implementation of the pilot project at Nairobi, as well as on the feasibility of the replication of the Nairobi model at the United Nations Offices at Geneva and Vienna.**

Alignment of procurement authorities and accountability standards

14. Information on the delegation of procurement authority is provided in paragraphs 13 and 14 of the report of the Secretary-General. It is indicated that in view of the greater transparency and reduced risk resulting from the implementation of Umoja, the delegated thresholds were increased effective June 2015. All cases above $1 million are decided by the Assistant Secretary-General for Central Support Services following review by the Headquarters Committee on Contracts, except in the United Nations Offices at Geneva and Vienna where, pending alignment with the new Nairobi model, the threshold currently remains at $5 million. The Advisory Committee was informed that, should the Nairobi arrangements be implemented at the United Nations Office at Geneva, an exception would be made with regard to

maintaining the existing $5 million threshold for the Strategic Heritage Plan in order to ensure the effectiveness of project delivery.

15. In this connection, the Advisory Committee recalls that the Board of Auditors discusses delegated procurement authority in its report on peacekeeping operations for the 2015/16 period (A/71/5 (Vol. II), chap. II, paras. 181-191). The Board indicates that for peacekeeping missions, the Assistant Secretary-General for Central Support Services has delegated the procurement authority to the Under-Secretary-General for Field Support, who in turn has delegated the authority to the directors/chiefs of mission support, who then delegate procurement authority to their procurement staff. The Board notes delays in the submission by the Department of Field Support of copies of sub-delegation of procurement authority and the quarterly reports on all approved procurement of core requirements exceeding $500,000, on letters of assist and on ex post facto cases. The Board also notes that the Department of Field Support did not have a full picture of missions' procurement sections, their staff and the training status of those staff. The Board emphasizes that each delegation of procurement authority is a personal delegation and that the person to whom such authority is delegated is responsible and accountable for ensuring that the procurement conducted under his or her authority is in accordance with the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4), the Procurement Manual and all other relevant United Nations instructions. **The Advisory Committee trusts that the Secretary-General will follow up on this matter and take steps both to ensure that procurement reporting procedures are fully applied in a timely manner and to improve procurement accountability and responsibility at peacekeeping missions and other offices and entities.**

World Food Programme joint shipping cell

16. In paragraphs 17 to 19 of his report, the Secretary-General provides information on a framework agreement contracted in 2013 between the World Food Programme (WFP) and the Secretariat in an effort to jointly identify and pursue initiatives that result in a more effective, efficient and coherent approach to supply chain operations. The report indicates that in 2015, an opportunity to develop a joint shipping cell was identified by the two entities. The report indicates that the project will provide an opportunity to reduce costs through the consolidation of goods for the United Nations field missions, combined with the WFP shipping volume, which will result in better leveraging of freight and chartering routes. **The Advisory Committee has long advocated for increased collaboration and cooperation between United Nations system entities and therefore welcomes this initiative. The Committee recommends that the General Assembly request the Secretary-General to provide information in his next report on the efficiency gains and savings achieved in shipping services. In this regard, the Committee encourages the Secretary-General, as Chairman of the United Nations System Chief Executives Board for Coordination, to intensify coordination and collaboration among United Nations organizations in matters related to procurement within the context of the Procurement Network of the High-level Committee on Management (see also para. 42 below).**

Award Review Board

17. In paragraphs 22 to 26 of his report, the Secretary-General provides an update on the Award Review Board, an independent procurement challenge system established to review vendors' submissions to determine whether they were treated correctly and evaluated fairly. The report indicates that expansion of the coverage of the Award Review Board to include offices away from Headquarters (at Geneva, Nairobi and Vienna) has been initiated for solicitations issued since 1 January 2016, but that no challenges have yet been received on solicitations originating from those offices. With regard to Headquarters, the report indicates that of the 19 procurement challenges received during the period from October 2014 to May 2016, 11 were not accepted because they did not meet the criteria established for review, 2 were withdrawn by the vendors and 6 were reviewed by the Board's experts who recommended denying the challenges in 5 of the 6 cases. The Under-Secretary-General for Management did not approve the recommendation to sustain one part of the challenge filed in the remaining case.

18. Upon enquiry on the criteria established for review, the Advisory Committee was informed that a challenge was rejected if that challenge: (a) resulted from solicitations outside the geographical coverage of the Awards Review Board (Headquarters and the Regional Procurement Office in Entebbe, and the procurement offices in Geneva, Nairobi and Vienna); (b) did not concern the vendor's own proposal but questioned the credibility or quality of other proposals; (c) questioned the Organization's policies and practices, or its definition of its procurement principles (if it disagreed, for example, with what constitutes "best value for money"); or (d) questioned decisions taken on the basis of recommendations of other bodies (such as the Vendor Review Committee). The Committee was also informed that in several cases, the challenges were withdrawn by vendors once they were provided with additional information or clarifications in follow-up debriefings. **The Advisory Committee trusts that the Secretary-General will continue to provide, in his next report, an update on the expansion of the coverage of the Award Review Board as well as information on the challenges received and how they were processed.**

Professionalization of the Procurement Practice Group

19. Details on activities and initiatives related to training and professionalization of the procurement function are provided in paragraphs 27 to 30 of the report of the Secretary-General. The Advisory Committee was informed that the Procurement Division and the Office of Human Resources Management, in consultation with other relevant departments and offices of the Secretariat, were reviewing options for the inclusion of procurement in the design of the young professionals programme in the most relevant job networks, in particular the Management and Administration Network and the Logistics, Transportation and Supply Chain Network. In addition, the Procurement Division was reviewing its regular budget and peacekeeping support account posts at the P-1 and P-2 levels, which could be filled by successful young professionals programme candidates in future years. **The Advisory Committee welcomes this initiative and encourages the Secretary-General to expedite his efforts in this regard.**

C. Information systems and business intelligence

Implementation of Umoja and its impact on procurement

20. With regard to the impact of Umoja on procurement, the report highlights progress in a number of areas, as evidenced by the following: (a) legacy systems have been eliminated; (b) a single end-to-end process (procure to pay) covering the full range of transactions from ordering to payment has been implemented Secretariat-wide; (c) the Procurement Division has migrated to a single vendor database for the entire Secretariat; (d) new reporting and analysis capabilities are being developed in the areas of contract utilization, outstanding deliveries, pending shopping carts and vendor solicitation activity; and (e) over the next year, the Procurement Division will focus on improving the operations of various procurement units, increasing efficiencies, making reporting more transparent and realizing Umoja benefits. The report indicates that all Headquarters and peacekeeping awards of over $40,000 are in the process of being published on the Procurement Division website. **The Advisory Committee welcomes these developments. It encourages the Secretary-General to continue to make better use of the data contained in Umoja, and to make relevant procurement information available, with a view to increasing the visibility and transparency of procurement activities as well as improving procurement practices and operations.**

Electronic tendering

21. In paragraphs 37 to 44 of the report of the Secretary-General, an update is provided on the electronic tendering pilot project initiated in 2014, including information on the objectives pursued by the Procurement Division and the elements of the solicitation exercise that are processed electronically, as well as data on offers submitted in response to 110 e-tendering exercises and the results of a survey of registered vendors. The Secretary-General indicates that the initial implementation phase of the project has provided valuable lessons, in particular that vendor outreach is critical before the e-tendering pilot is extended to additional procurement teams. The report states that before the system is rolled out to other teams in the Procurement Division, extensive testing and assessments of any impacts are envisaged. **The Advisory Committee notes the use of information technology to achieve efficiency in the processing of solicitations. It looks forward to receiving in the next report further updates on the e-tendering project and on results achieved. Bearing in mind the technology challenges referred to by the General Assembly in paragraph 11 of its resolution 69/273, the Committee trusts that the Secretary-General will also report on efforts being made to reach the vendors who may not be able to access the system.**

Standards in information and communications technology procurement

22. With regard to standards in information and communications technology (ICT) procurement (see A/71/681, para. 50), the report of the Secretary-General indicates that the Office of Information and Communications Technology (OICT), supported by the Office of Central Support Services, continues its efforts to create a compliance and governance framework for the use of ICT resources. The report also

indicates that the position of head of the dedicated section for ICT requirements in the Procurement Division was recently reclassified from the Procurement Officer (P-4) level to that of Chief of Section (P-5) (see General Assembly resolution 70/287, annex I, sect. B).

23. Pursuant to a request for further details regarding the statement in the report of the Secretary-General that benefits are already being realized (A/71/681, para. 50), the Advisory Committee was informed that United Nations global systems contracts established by the Procurement Division were now available for all offices of the United Nations Secretariat through the Umoja system; and that with the resulting increased visibility as regards global United Nations requirements and expenditures against contracts, the Procurement Division was able to leverage higher volumes to negotiate better discounts with vendors. For instance, in one global systems contract established by the Division for server software, the consolidation of requirements covering the needs of United Nations Headquarters, offices away from Headquarters, regional commissions and tribunals resulted in an increase of volume discounts from 31 to 51 per cent for software licences and from 15 to 20 per cent for maintenance support. In addition, cost reductions can be expected from the consolidation of shipments.

24. The Advisory Committee was further informed that procedures established by the Office of Information and Communications Technology require a review by the Project Review Committee of all ICT projects and initiatives exceeding $200,000 over a four-year period before procurement action can be taken (see para. 40 below), thereby ensuring compliance with the governance framework and the technology standards established under the ICT strategy. Such clearance procedures facilitate policy coordination and direction on all ICT matters, ensure efficiency and prevent duplication of procurement. In addition, the application of standards for hardware and software reduces the number of the different ICT products in use and allows optimization of ICT costs. **The Advisory Committee trusts that the above procedures are rigorously enforced throughout the Secretariat, including in peacekeeping. The Committee will revert to the issue of Secretariat-wide compliance with ICT policies and standards in the procurement of ICT goods and services within the context of its consideration of the Secretary-General's next report on the implementation of the ICT strategy.**

D. Sourcing from global markets

Procurement from developing countries and countries with economies in transition and business seminars

25. The report of the Secretary-General indicates that ensuring access to business opportunities for vendors from developing countries and countries with economies in transition remains a high priority for the Organization (A/71/681 paras. 54-56) and that there has been a steady increase of vendors from non-industrialized countries participating in the solicitations issued by the Procurement Division. Figure II of that report shows that the number of participating vendors from non-industrialized countries increased from 550 in 2011 to 952 in 2013 and to 1,495 in 2015. The Secretary-General attributes the increase since 2013 mainly to the introduction of basic-level registrations and to the establishment of the Regional

Procurement Office, which provided on-site vendor registration support to regional vendors, as well as to the incorporation of live registration sessions in business seminars (A/71/681, para. 55). The report of the Secretary-General also indicates that the increased participation of vendors from non-industrialized countries resulted in an increase in business awarded to suppliers from developing countries and countries with economies in transition, as shown in figure III of the report of the Secretary-General. Upon enquiry, the Advisory Committee was provided with the following table exhibiting the trends in procurement volume from 2009 to 2015, with preliminary data for 2016.

	Developing countries			*Countries with economies in transition*			*Industrialized countries*				
Year	*Value (millions of United States dollars)*	*Number of countries*	*Percentage of total value*	*Value (millions of United States dollars)*	*Number of countries*	*Percentage of total value*	*Value (millions of United States dollars)*	*Number of countries*	*Percentage of total value*	*Total value*	*Total number of countries*
2009	936	96	25.18	539	12	14.50	2 242	30	60.32	3 717	138
2010	1 026	90	30.44	596	15	17.68	1 749	34	51.88	3 371	139
2011	1 303	104	37.57	561	12	16.18	1 604	34	46.25	3 469	150
2012	1 291	99	41.83	435	12	14.10	1 360	34	44.07	3 087	145
2013	1 405	107	43.44	370	11	11.44	1 460	35	45.12	3 235	153
2014	1 458	82	43.32	407	9	12.09	1 501	34	44.60	3 366	125
2015	1 733	94	51.70	290	11	8.65	1 329	31	39.65	3 352	136
2016	1 592	112	45.78	309	18	8.88	1 577	33	45.34	3 478	163

Note. Figures for 2016 are preliminary.

26. With regard to the decrease in the number of business seminars offered by the Secretariat, from 57 in 2014 to 54 in 2015, as shown in the report of the Secretary-General (see A/71/681 para. 52), the Advisory Committee was informed, upon enquiry, that the number of seminars was highly dependent on the organizing entities, which were in general Member States, and that during the reporting period, prioritization of support to the roll-out of Umoja had to govern the activities of procurement staff.

27. **The Advisory Committee notes the efforts made to promote business opportunities for vendors from developing countries and countries with economies in transition, as well as the increase in the number of vendors from developing countries and countries with economies in transition participating in the solicitations issued by the Procurement Division. The Committee recommends that the General Assembly request the Secretary-General to continue to explore additional innovative ways to promote procurement from developing countries and countries with economies in transition at Headquarters and field offices, and to report on concrete measures taken in this regard.**

Solicitation methodologies in the procurement of long-term aviation services

28. In paragraph 9 of its resolution 69/273, the General Assembly welcomed the conclusion of the pilot project on the request for proposal exercise, and looked forward to information, in the next report of the Secretary-General, on the advantages and disadvantages of the practice of using both invitation to bid and request for proposal methodologies in the procurement of aviation services. Paragraphs 63 to 65 of the report of the Secretary-General provide some information on the advantages and disadvantages of different solicitation methodologies in the procurement of aviation services. In response to its request for further details, the Advisory Committee was informed that, in view of the limited data available, the Secretariat was in a position to provide preliminary results only on the advantages and disadvantages of the request for proposal methodology as compared with the legacy invitation to bid method. The Committee was also informed that, to date, one request for proposal exercise had been fully completed, resulting in a split award, with two air charter contracts, in support of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). The Procurement Division had launched two additional request for proposal exercises which were ongoing, while eight additional requirements were currently under preparation by the Department of Field Support. The Committee was further informed that the initial delays experienced in transitioning to the new methodology were due to the difficulties faced by the Department of Field Support in elaborating comprehensive logistics-based requirements and technical evaluation criteria.

29. The Advisory Committee was provided with further details on the conduct, costs, quality of service and commercial aspects of the request for proposal solicitation exercise completed at MONUSCO (see annex III below). In brief, the Secretariat indicated that while the request for proposal method appeared to be more time-consuming than the legacy invitation to bid method, it had greater potential as regards higher quality of service, improved safety, increased international competition and overall savings to the Secretariat. Furthermore, the Secretariat expects to make a more meaningful comparison between the two methods during 2018 and 2019 as the Organization becomes more accustomed to the revised methodology and accumulates sufficient contractual data for analysis and benchmarking purposes. **The Advisory Committee notes that the information provided on the advantages and disadvantages of the request for proposal solicitation methodology for procurement of long-term aviation services is of a preliminary nature. The Committee trusts that the Secretary-General will provide further details to the General Assembly at the time of its consideration of the present report.**

After-sale support in vehicle contracts

30. The Secretary-General indicates that the procurement of vehicles has been integrated with the after-sale support required during the entire lifetime of these assets, resulting in a streamlining of the supply chain, with all missions, offices and other entities now having access to centralized price lists in Umoja for ordering spare parts, maintenance tools, technical vehicle documentation, training and technical support directly from vehicle contractors. It is stated in the report that this

centralized system will reduce the ordering process timeline by 90 per cent, from 20-30 days to 2-3 days. **The Advisory Committee trusts that an update on the implementation of after-sale support for vehicles will be provided in the next report, including details on the efficiency gains achieved.**

E. Evolving business practices and developments affecting Secretariat procurement

Update on efforts to eliminate the negative impact of United Nations facilities and operations on the environment

31. Information on the efforts to eliminate the negative impact of United Nations facilities and operations on the environment is provided in paragraphs 78 to 80 of the report of the Secretary-General (A/71/681). **The Advisory Committee notes that on 25 September 2015, by its resolution 70/1, the General Assembly adopted the 2030 Agenda for Sustainable Development, including target 12.7, which is to promote public procurement practices that are sustainable, in accordance with national policies and priorities.** The procurement of goods and equipment in support of the implementation of mandates for improved environmental management within the United Nations continues in accordance with the general principles stipulated in financial regulation 5.12, namely, best value for money; fairness, integrity and transparency; effective international competition; and the interest of the United Nations.

32. **In this regard, the Advisory Committee notes that the General Assembly has not considered for approval the concept of environmentally friendly and sustainable procurement, and has requested the Secretary-General to prepare a comprehensive report on the content of and criteria for such a concept, including its possible impact on the diversification of the origin of vendors and on international competition (see Assembly resolution 62/269). In this regard, the Committee is of the view that, in order for the Assembly to consider this matter, more work needs to be done by the Secretary-General on refining the understanding of the concept of environmentally friendly and sustainable procurement and how it can be applied in practical terms to the United Nations (see A/69/809, para. 39).**

F. Other matters

United Nations Mission for Ebola Emergency Response

33. The report of the Secretary-General indicates that the Procurement Division successfully supported the deployment of various field missions, including the United Nations Mission for Ebola Emergency Response. In this regard, the Advisory Committee recalls that it has requested the Board of Auditors to conduct a detailed examination of the Mission's expenditures, staffing, recruitment and procurement, the outcome of which will be included in the Board's report on the financial statements of the United Nations for 2016 (see A/71/810, para. 37). The Advisory Committee will revert to the above issues in the context of its consideration of the Board's forthcoming report.

34. Upon enquiry, the Advisory Committee was informed that key decisions made during the planning process of a mission affect the delivery of goods and services, and impact the final life-cycle cost of the mission. Furthermore, as procurement must be conducted in accordance with the financial regulations and rules of the Organization, a more proactive involvement by the Procurement Division in the early planning process ensures that the needs of the missions are met satisfactorily, and that procurement principles are adhered to, even during emergency situations. **The Advisory Committee recommends that the General Assembly request the Secretary-General to put in place the necessary procedures to ensure that the Procurement Division is involved from the early stages of the launching and planning of all new missions in order to maximize the efficiency and effectiveness of the procurement process and the use of resources.**

Standing administrative measures

35. In paragraph 71 of his report, the Secretary-General indicates that standing administrative measures for start-up and crisis situations, which are to apply for six months on a renewable basis upon the establishment of a peace operation or confirmation of a crisis or emergency in the field, were finalized in March 2016. The Procurement Division indicated that it had participated in working group meetings in which flexible arrangements, such as emergency delegations, cooperation with other United Nations entities and increases in monetary procurement thresholds, were discussed. **The Advisory Committee recommends that the General Assembly request the Secretary-General to include, in his next report, further information on any standing administrative measures that may have been finalized for procurement, as well as details on the circumstances in which they are used and how their use is reported.**

Fraud

36. Upon enquiry regarding the Secretariat's policy and the internal controls in place for prevention of fraud and corruption, the Advisory Committee was informed that the Secretariat had issued, on 15 September 2016, a comprehensive information circular entitled "Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat" (ST/IC/2016/25). The Committee was informed that the framework describes in detail the Organization's existing regulations, rules, administrative issuances, policies and procedures regarding fraud, including the roles and responsibilities of personnel and the applicable sanctions. In addition, the framework refers to third parties (including vendors), who are obliged to comply with all obligations related to fraudulent acts that are included in their applicable agreements with the Secretariat.

Observations and recommendations of the Board of Auditors

37. In volume I of its report on the financial statements of the United Nations for 2015 (A/71/5 (Vol. I) (see chap. II, paras. 217-251), the Board of Auditors makes a number of observations and recommendations on procurement and contract management. The Board identifies the following examples of weaknesses: (a) a number of cases in which the use of waivers of the requirement for competitive bidding did not appear justified (see paras. 39-40 below); (b) multiple extensions of existing contracts, including long-term contracts; (c) cases of poor vendor

performance, including a case entailing the development of a website in which the vendor may have submitted an extremely low bid to win the contract, and, despite subsequent requests to increase the cost, did not complete the work; (d) cases of inadequate procurement planning and monitoring, including 71 contracts where recorded usage was less than 50 per cent with less than a year before they were due to expire; and (e) Umoja reporting deficiencies.

38. The Board has recommended (a) that the Procurement Division review long-term agreements beyond five years to assess whether it would be appropriate to seek fresh solicitations or to make additional agreements with other leading vendors at competitive prices; (b) that, in cases where exceptionally low bids are accepted, appropriate performance security clauses and key performance indicators for the vendor are automatically included in contracts to protect the interests of the United Nations, and that the release of payments under these contracts should also be subject to increased scrutiny so as to ensure that commensurate value has been delivered; (c) that requisitioning departments, in consultation with the Procurement Division, take steps to improve monitoring of contract delivery and ensure that contracts awarded are completed before their expiry; and (d) that the Procurement Division, in consultation with the Umoja project team, perform a comprehensive review to ensure data integrity and to strengthen data input controls in Umoja; and explore how to strengthen performance measurement tools for vendors, for end-to-end process costs and for quality and staff performance under Umoja Extension 2.

39. With regard to waivers, the Board of Auditors indicates that it identified examples of contracts where competitive bidding processes were waived without documented justification and of contracts that did not include a provision to deal with delayed delivery, thus hindering or preventing the United Nations from recovering any losses incurred. The Board questioned, in particular, the use of a waiver of the requirement for competitive bidding for the procurement of an end point security solution for the Office of Information and Communications Technology (A/71/5 (Vol. I), chap. II, paras. 221-226).

40. Upon enquiry with a view to further clarification, the Advisory Committee was informed that waivers from international competition are granted in exceptional circumstances and only after a diligent review process. In the area of information technology procurement, waivers are typically used for equipment standardization purposes. The Committee was also informed that enterprise architecture and associated standards and policies designed to assure alignment of the enterprise architecture with the overall strategy of the Organization are reviewed, formulated and recommended by the Architecture Review Board, an advisory body functioning under the direction of the Chief Information Technology Officer. In certain cases, specific standards established by the Architecture Review Board are available only through a single manufacturer or software developer. The recommended standards are approved by the Information and Communications Technology Board, which is responsible for ensuring coherent and coordinated usage of information and communications technology across departments and duty stations. The Project Review Committee applies the standards decided upon by the Information and Communications Technology Board uniformly to all information and communciations technology initiatives within the Organization, reviews all information and communications technology initiatives over $200,000 and then recommends that an initiative should — or should not — proceed.

41. **The Advisory Committee trusts that the Secretary-General will address the weaknesses identified by the Board expeditiously, and will also take proactive steps to improve the efficiency and effectiveness of the Procurement Division.**

Harmonization of procurement practices

42. In paragraphs 67 to 69 of his report, the Secretary-General provides information on the Procurement Network of the High-level Committee on Management whose intended function is to facilitate the harmonization of procurement processes within the United Nations system. The report indicates that at its nineteenth session, held in April 2016, the Procurement Network discussed, in particular, the activities of the Working Group on Strategic Vendor Management established in 2014 to develop a road map for vendor management shared across the different procurement functions of the United Nations system. The report also indicates that one of the current initiatives of the Working Group is the development of a virtual business seminar area for vendors which will use the United Nations Global Marketplace to provide vendors with information typically disseminated at business seminars. **The Advisory Committee considers this to be a positive development and continues to emphasize the need for intensifying system-wide collaboration and cooperation on procurement matters. The Committee recommends that the General Assembly request the Secretary-General to provide information on progress made in this regard in his next report (see also para. 16 above).**

III. Conclusion and recommendation

43. The action to be taken by the General Assembly is set out in paragraph 83 of the report of the Secretary-General. The Assembly is requested to take note of the report of the Secretary-General.

44. Upon enquiry, the Advisory Committee was informed that the report of the Secretary-General did not include any proposals requiring approval by the General Assembly that would be approved implicitly should the Assembly decide to take note of the report of the Secretary-General.

45. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General, subject to its comments and recommendations as set out in the paragraphs above.**

Annex I

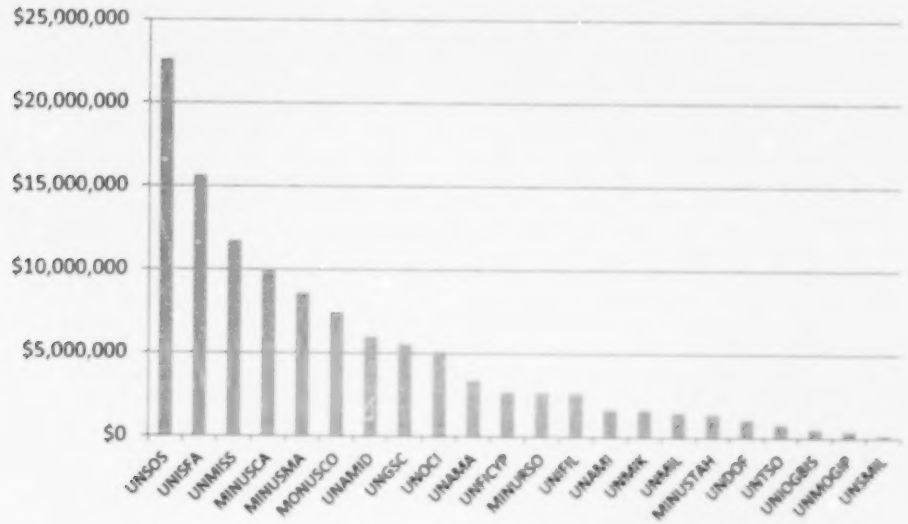
Procurement trends by major categories of goods and services, 2012-2015

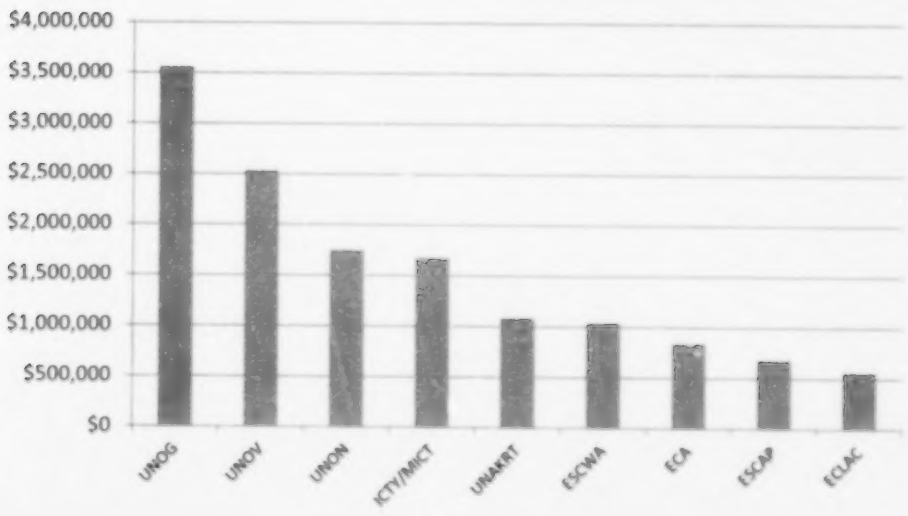
	2015		2014		2013		2012	
	US dollars	Percentage of total	US dollars	Percentage of total	US dollars	Percentage of total	US dollars	Percentage of total
Air transportation services	584 538 834.85	17	773 150 141.67	23	669 820 771.55	21	696 546 916.91	23
Chemical and petroleum products	544 202 644.92	16	565 583 366.72	17	548 660 133.94	17	368 018 241.78	12
Food rations/catering services	446 215 640.88	13	377 341 003.31	11	251 642 496.48	8	252 967 913.05	8
Architecture, engineering and construction-related services	153 852 752.49	5	175 149 046.34	5	239 358 906.29	7	212 653 294.90	7
Rental and lease	119 524 763.67	4	71 360 943.96	2	153 214 795.26	5	147 488 173.57	5
Management services	35 137 181.76	1	43 467 667.62	1	127 226 198.35	4	74 772 354.24	2
Maintenance and repair services	8 831 211.15	0	15 905 804.86	0	120 076 131.10	4	61 741 269.12	2
Freight forwarding and delivery services	192 073 371.38	6	170 929 108.32	5	106 153 694.19	3	187 277 314.21	6
Telecommunications equipment and services	144 991 089.36	4	125 044 263.77	4	88 735 612.13	3	98 654 996.85	3
Electronic data-processing equipment and maintenance services	75 878 428.34	2	58 793 149.93	2	86 801 267.56	3	76 942 824.36	2
Motor vehicles/parts and transportation equipment	86 058 784.44	3	98 231 985.03	3	66 402 929.62	2	63 185 010.85	2
Computer and information technology-related services	113 251 214.43	3	112 411 533.92	3	53 847 392.79	2	49 706 301.00	2
Travel and related services	42 605 019.19	1	45 614 967.47	1	48 946 431.88	2	50 757 403.31	2
Prefabricated buildings	100 316 021.25	3	90 692 230.53	3	44 564 047.43	1	25 739 119.79	1
Cleaning and waste disposal services	68 318 068.15	2	59 355 067.10	2	39 451 559.76	1	24 907 543.56	1

	2015		2014		2013		2012	
	US dollars	*Percentage of total*	*US dollars*	*Percentage of total*	*US dollars*	*Percentage of total*	*US dollars*	*Percentage of total*
Other (including all procurement by offices away from Headquarters, regional commissions and criminal tribunals)	635 606 639.17	19	583 547 599.91	17	589 958 976.06	18	695 533 723.52	23
Total	**3 351 401 665.44**		**3 366 577 880.44**		**3 234 861 344.39**		**3 086 892 401.02**	

Annex II

Average procurement volume by procurement staff member and entity





(Footnotes on following page)

(Footnotes to annex II)

Abbreviations: ECA, Economic Commission for Africa; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific; ESNWA, Economic and Social Commission for Western Asia; ICTY/MICT, International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991/International Residual Mechanism for Criminal Tribunals; MINURSO, United Nations Mission for the Referendum in Western Sahara; MINUSCA, United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic; MINUSMA, United Nations Multidimensional Integrated Stabilization Mission in Mali; MINUSTAH, United Nations Stabilization Mission in Haiti; MONUSCO, United Nations Organization Stabilization Mission in the Democratic Republic of the Congo; UNAKRT, United Nations Assistance to the Khmer Rouge Trials; UNAMA, United Nations Assistance Mission in Afghanistan; UNAMI, United Nations Assistance Mission for Iraq; UNAMID, African Union-United Nations Hybrid Operation in Darfur; UNDOF, United Nations Disengagement Observer Force (Golan Heights); UNFICYP, United Nations Peacekeeping Force in Cyprus; UNGSC, United Nations Global Service Centre; UNIFIL, United Nations Interim Force in Lebanon; UNIOGBIS, United Nations Integrated Peacebuilding Office in Guinea-Bissau; UNISFA, United Nations Interim Security Force for Abyei; UNMIK, United Nations Interim Administration Mission in Kosovo; UNMIL, United Nations Mission in Liberia; UNMISS, United Nations Mission in South Sudan; UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNOCI, United Nations Operation in Côte d'Ivoire; UNOG, United Nations Office at Geneva; UNON, United Nations Office at Nairobi; UNOV, United Nations Office at Vienna; UNSMIL, United Nations Support Mission in Libya; UNSOS, United Nations Support Office in Somalia; UNTSO, United Nations Truce Supervision Organization (Middle East).

Note: Data based on Umoja report of 1 February 2017. Staff data based on Umoja "buyer" and "approver" roles in the source to acquire process. Procurement volume data based on value of purchase orders issued in 2016 (preliminary figures subject to change).

Annex III

Use of the RFP solicitation methodology for the procurement of long-term aviation services (as provided by the Secretariat)

The Secretariat is in a position to provide preliminary results on advantages and disadvantages of the request for proposal methodology versus the legacy invitation to bid method, in light of the limited data available. To date, one request for proposal exercise has been fully completed, resulting in two air charter contracts in support of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) (split award). The Secretariat has experienced delays in the transition, which were caused by the difficulties faced by the Department of Field Support in elaborating comprehensive logistics-based requirements and technical evaluation criteria. This situation has improved significantly over the last few months, thus leading the Procurement Division to launch two ongoing requests for proposal exercises, while eight additional requirements are currently in preparation within the Department of Field Support.

The pilot request for proposal solicitation clearly highlighted the potential for enhanced international competition on the United Nations aviation market (22 proposals were received versus an average of five bids under the invitation to bid method). As a result, the time taken to complete the end-to-end request for proposal evaluation was longer than normal (5 months versus 2.5 months on average). It is reasonable to expect the amount of time per request for proposal to decrease in future as the Organization gains experience in conducting such exercises and streamlines the request for proposal documents and tools for improved efficiency.

Cost-wise, and upon review of actual aircraft utilization during the first year of operations in MONUSCO, it was determined that the Organization had achieved savings in the amount of approximately $1.2 million per year (9.5 per cent) compared with the same tasking with the previous fleet of aircraft replaced through the request for proposal.

In terms of quality, both air operators have been delivering a satisfactory level of performance to the Mission. Vendors have added on operational flexibility and value to their baseline solution, e.g., by positioning backup aircraft in the Mission area, building crew accommodation at a new main operations base or deploying advanced technical capabilities such as emergency 24/7 operations using night-vision goggles. Vendors have provided a reliable service, with significantly reduced aircraft downtime compared with that under the previous contracts resulting from the invitation to bid. As regards safety, the Department of Field Support recently developed a comprehensive safety assessment scorecard, which will form an essential part of request for proposal technical evaluations from this point on and encourage and/or reward operators with stronger built-in safety management systems.

From a commercial perspective, the request for proposal method entails changes in contractual provisions and the costing model (especially through the inclusion of fuel costs), which bring the United Nations aviation business more in

line with industry standards and best practices, thus making it more attractive and legible to the market and offering opportunities for the Procurement Division to further develop its market research and benchmarking efforts.

In summary, and upon initial examination, the request for proposal method appears more time-consuming to the Organization than the legacy invitation to bid method; it offers, however, the potential for increased value, through higher-quality service, improved safety, increased international competition and overall savings to the Secretariat. A more meaningful comparison can be established in 2018/2019 when the Organization becomes more accustomed to the revised methodology and accumulates sufficient contractual data for use in analyses and benchmarking.

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Seventy-first session
Agenda item 35
Question of Palestine

Letter dated 30 January 2017 from the Permanent Representative of the Bolivarian Republic of Venezuela to the United Nations addressed to the Secretary-General

I have the honour to write to you in reference to the event marking the International Day of Commemoration in memory of the victims of the Holocaust, which the General Assembly held on Friday, 27 January 2017 to honour the millions of Jews who were victims of the Nazi regime's extermination policy during the Second World War.

At this event, the Bolivarian Republic of Venezuela only reiterated its firm condemnation of the atrocious crimes perpetrated by the Nazi regime against the Jewish people and other ethnic groups and political opponents alike. Those crimes shook the world and are a reminder of the international community's moral and political obligation to prevent the recurrence of such a tragedy.

However, Venezuela regrets that the Permanent Representative of Israel tarnished the solemnity of the event by levelling unfair accusations that portrayed Venezuela as an anti-Semitic country. This is clearly a fallacy, for Venezuela has demonstrated its solidarity by welcoming millions of victims of armed conflict and natural disasters from around the world. During the Second World War, thousands of Jews were welcomed, without discrimination; they became part of the political, economic, social and cultural fabric of the multicultural and diverse nation that is Venezuela.

The aggressive attitude displayed by the Permanent Representative of Israel during a ceremony that called for calm and reverent reflection is an illustration of that country's strategy of discrediting Member States that have criticized or condemned the Israeli Government's policies that violate humanitarian law and the human rights of the Palestinian people. Palestinians have endured a prolonged military occupation — spanning almost 50 years — that denies their fundamental rights, including the right to self-determination, as well as an illegal and perverse blockade in Gaza. The threats levelled by Israel against States that voted in favour of Security Council resolution 2334 (2016) clearly reflect that country's disregard

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for international law and, in particular, the purposes and principles of the Charter of the United Nations.

Venezuela advocates a peaceful and negotiated solution to the Israeli-Palestinian conflict that would create the conditions for two free, sovereign and independent States — Israel and Palestine — living side by side within internationally recognized pre-1967 borders. To this end, the Organization must make every effort to promote the existence of a viable Palestinian State, as a Member of the United Nations on equal footing with other nations and with East Jerusalem as its capital. Venezuela shall continue to defend its position with dignity and in line with the diplomatic practices and methodology that govern this Organization. Venezuela shall not be deterred by conduct such as that displayed at the aforementioned event by the Permanent Representative of Israel, which marred what should have remained a sincere tribute to the victims of Nazi barbarity.

The Bolivarian Republic of Venezuela reaffirms its unwavering commitment to the promotion and respect of human rights and international humanitarian law, which are the shared and inexorable goals of the international community in building peace.

It would be greatly appreciated if the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 35.

(*Signed*) Rafael **Ramírez**
Ambassador
Permanent Representative of the Bolivarian Republic of
Venezuela to the United Nations

United Nations A/71/825

General Assembly

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Seventy-first session
Agenda items 31 and 84

Prevention of armed conflict

The rule of law at the national and international levels

Letter dated 23 February 2017 from the Permanent Representative of the Bolivarian Republic of Venezuela to the United Nations addressed to the Secretary-General

I have the honour to write to you in reference to document A/71/755, which contains the report of the Secretary-General on the Implementation of the resolution establishing the International, Impartial and Independent Mechanism to Assist in the Investigation and Prosecution of Persons Responsible for the Most Serious Crimes under International Law Committed in the Syrian Arab Republic since March 2011, pursuant to General Assembly resolution 71/248, adopted on 21 December 2016.

In this regard, and as already stated during the adoption of the aforementioned resolution, Venezuela wishes to reiterate the following:

Negotiations on the resolution establishing the above Mechanism were conducted without sufficient transparency and without considering the views of all States Members of the United Nations; moreover, the time allowed was unusually short, leaving little room for analysis by the other delegations. Mindful of the significance and urgency of the issue, we believe that this process was not transparent, which detracts from the credibility and legitimacy that is expected of a genuinely impartial and independent process. This sets an undesirable precedent for confidence-building and friendship among States within the United Nations system.

As indicated in the report and under international law, the primary burden for conducting an investigation promptly, thoroughly, independently and impartially rests with the Syrian Arab Republic, as the main country concerned that has the jurisdiction to investigate these matters. The Syrian authorities have expressed their disagreement with the politicized nature of the resolution in various forums, including the fact that they were not consulted during the negotiation process. For this reason, the Mechanism will not be able to assist in the investigations conducted by the country concerned. This situation violates the principle of respect for the sovereignty and equality of States and compounds the continued interference in the

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internal affairs of the Syrian Arab Republic, according to article 2, paragraphs 1 and 7, of the Charter of the United Nations.

The financing of the Mechanism is also a source of concern. As such financing is to be based on voluntary contributions, the Mechanism's impartiality can be called into question on the grounds that it will respond to the interests and perspectives of those who support it financially and will serve a selective agenda that does not focus on all responsible parties but only on those that are politically inconvenient for its financiers. Moreover, there is no clarity with regard to the scope of the Mechanism, as in certain places it is virtually granted the powers of a criminal court. This exceeds the provisions of the resolution and foreshadows predetermined and clearly interventionist outcomes.

Venezuela has repeatedly condemned the fact that the primary cause of the war in Syria is foreign intervention, through the provision of funding, technical equipment and logistical support to extremist and terrorist groups from regional and extraregional Powers, whose sole aim is to overthrow a legitimately constituted Government. This unfortunate situation has been reflected in the recent history of several countries, such as Iraq and Libya, among others; the result has been suffering, political instability, the dismantling of States and tens of thousands of deaths. As a reflection of our unwavering commitment, we have a moral duty to call on the international community to join efforts to prevent further such acts, and to condemn double standards and selectivity on the part of some international actors that focus their attention on certain conflicts while ignoring others completely, as in the case of Palestine.

The solution to the armed conflict in Syria must be political; to that end, it is essential to continue promoting mutual trust among all parties to the conflict, and to encourage initiatives for inclusive Syrian-led dialogue. Venezuela reiterates its support for the efforts deployed by Special Envoy Staffan de Mistura, in conjunction with other countries, towards reaching a political agreement as soon as possible.

Venezuela believes that the United Nations has a leading role to play in resolving armed conflicts on a global scale. It is therefore the duty of the Organization to ensure the inclusiveness and true impartiality of all its political and legal efforts to promote peace. Therefore, we deem it necessary to take the appropriate measures in order for the Mechanism to perform in accordance with the Charter and, conversely, not to further escalate a conflict that the Mechanism purportedly seeks to help resolve.

Given the importance of the foregoing, we request that this letter be circulated as a document of the General Assembly under agenda items 31 and 84.

(*Signed*) Rafael **Ramírez**
Ambassador
Permanent Representative of the Bolivarian Republic of Venezuela
to the United Nations